

VZCZCXRO4965  
PP RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV  
DE RUEHTC #0056/01 0171335  
ZNR UUUUU ZZH  
P 171335Z JAN 08  
FM AMEMBASSY THE HAGUE  
TO RUEHC/SECSTATE WASHDC PRIORITY 0934  
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 THE HAGUE 000056

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STATE FOR EUR/WE, EUR/ERA, EEB/ESC/IEC  
USDOC FOR 4212/USFS/MAC/EURA/OWE/DCALVERT

E.O. 12958: N/A  
TAGS: [ENRG](#) [EPET](#) [NL](#)  
SUBJECT: SECURING A DUTCH GAS HUB IN EUROPE

REF: 07 THE HAGUE 1999

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ACCORDINGLY.

¶1. (SBU) SUMMARY. The Dutch energy firm Gasunie's participation in the Nordstream pipeline project and its acquisition of the German BEB gas network is expected to strengthen the Netherlands' position as a major European gas hub. The Dutch question Russia's ability to finance pipeline investment/renovation and green field development, viewing this as a greater risk to European energy supplies than Russia's possible use of energy supplies for political ends. To diversify its energy sources, however, the Netherlands plans to build three LNG terminals in the country and further develop relations with other supplier countries. END SUMMARY.

#### Exploiting Dutch Gas Reserves -----

¶2. (SBU) As a follow up to reftel discussions on the November 6 Gasunie-Gazprom Nordstream deal, Emboffs met recently with Bert Roukens, a Senior Advisor responsible for energy security and energy market liberalization at the Dutch Ministry of Economic Affairs. The Netherlands, Roukens said, had long been developing an infrastructure that would allow it to exploit its gas reserves and establish the country as a main gas transit hub for Europe. He explained that Dutch energy company Gasunie's decision to join the Russian firm Gazprom in the Nordstream pipeline project (see reftel) was seen as "safeguarding" this role. Gasunie's November 23 purchase of the German firm BEB's gas transport division had further strengthened the Dutch position by securing physical connections with both the Nordstream pipeline across the Baltic and the landing point for Norwegian gas in northern Germany. This latter acquisition also offset concerns about the loss of a direct pipeline between the Netherlands and Norway.

¶3. (SBU) In comparison, Roukens noted there was "no role" or economic interest for the Netherlands in the Nabucco project. Nonetheless, he said the GONL supported the effort as an important means for ensuring route diversification and security of supply, despite remaining supply and sovereignty issues in the Caspian Sea region. (NOTE: Former Dutch Foreign Minister Jozias van Aartsen is serving as the current EU Coordinator for the Nabucco project. END NOTE).

#### Russia Remains Reliable Energy Supplier.... -----

¶4. (SBU) On the reliability of Russia as an energy

supplier, Roukens reiterated views, reported reftel, that Russia was unlikely to risk the loss of high-paying customers and Western financing for political reasons. He noted that Russia had proven to be a reliable supplier in the past. Failure by Ukraine and Belarus to make payments for Russian gas had also been major factors in earlier supply conflicts, he added. Roukens expressed more concern with potential non-political obstacles to Russia's ability to supply Europe with gas, including insufficient investment in pipeline infrastructure and renovations, and green field development.

...But Also Looking To Other Sources

15. (SBU) Meanwhile, the GONL continued to develop its relationships with other supplier countries, such as Norway and Algeria, Roukens said, and remained interested in a direct pipeline from Norway. He dismissed recent statements by Algeria's Economic Minister Chakib Khelil that there was no excess gas supplies in Algeria for the Netherlands (see reftel), adding that the GONL viewed the statement was an attempt by the Algerians to increase their leverage in the Spanish gas market. Roukens said Norway and Algeria remained logical partners for Europe, given their proximity to the EU.

16. (SBU) To receive liquefied natural gas (LNG) from these countries and to diversify sources further, Roukens said the Dutch were planning to build three LNG terminals. On December 18, partners Gasunie and the Dutch tank terminal service provider Vopak finalized plans to build one of two Dutch LNG terminals planned in Rotterdam's Gate Terminal, with a projected cost of 800 million euros and an annual throughput capacity of 9 billion cubic meters. Initial

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customers will include the Danish firm Dong Energy, the Austrian business energy provider Ecomgas, and Dutch Essent, which currently provides between a quarter and a third of all gas produced in the Netherlands. Gasunie and Vopak have also announced plans for a LNG terminal in Eemshaven, in the north of the country. Gasunie and Vopak will each acquire a 25 percent stake in the project, with Essent retaining the remaining 50 percent.  
Gallagher